

State of South Dakota

SEVENTY-EIGHTH SESSION
LEGISLATIVE ASSEMBLY, 2003

128I0416

HOUSE BILL NO. 1186

Introduced by: Representatives Teupel, Madsen, McLaughlin, Peterson (Bill), and Smidt and
Senators Napoli, Duniphan, McCracken, and Sutton (Duane)

1 FOR AN ACT ENTITLED, An Act to revise the calculation of state aid to education with
2 regard to treatment of certain revenues.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 13-13-73 be amended to read as follows:

5 13-13-73. The secretary of the Department of Education and Cultural Affairs shall compute
6 state aid to education for each school district under the foundation program according to the
7 following calculations:

8 (1) Determine each school district's average daily membership;

9 (2) Multiply the per student allocation by the adjusted average daily membership to arrive
10 at the local need per district;

11 (3) State aid is (a) local need minus local effort minus outside revenue, or (b) zero if the
12 calculation in (a) is a negative number;

13 (4) If the state aid appropriation for the general support of education is in excess of the
14 entitlement provided for in this section, the excess shall be used to fund any shortfall
15 of the appropriation as provided for in §§ 13-37-36.3 and 13-37-43. The secretary



1 shall report to the Governor by January seventh of each year, the amount of state aid
2 necessary to fully fund the general aid formula in the current year. If a shortfall in the
3 state aid appropriation for general education exists that cannot be covered by
4 § 13-37-45, the Governor shall inform the Legislature and provide a proposal to
5 eliminate the shortfall.

6 Section 2. That § 13-13-10.1 be amended to read as follows:

7 13-13-10.1. Terms used in this chapter mean:

8 (1) "Average daily membership," the average number of resident and nonresident
9 kindergarten through twelfth grade pupils enrolled in all schools operated by the
10 school district during the previous regular school year, minus average number of
11 pupils for whom the district receives tuition, except pupils described in subdivision
12 (1A) and pupils for whom tuition is being paid pursuant to § 13-28-42 and plus the
13 average number of pupils for whom the district pays tuition;

14 (1A) Nonresident students who are in the care and custody of the Department of Social
15 Services, the Unified Judicial System, the Department of Corrections, or other state
16 agencies and are attending a public school may be included in the average daily
17 membership of the receiving district when enrolled in the receiving district. When
18 counting a student who meets these criteria in its general enrollment average daily
19 membership, the receiving district may begin the enrollment on the first day of
20 attendance. The district of residence prior to the custodial transfer may not include
21 students who meet these criteria in its general enrollment average daily membership
22 after the student ceases to attend school in the resident district;

23 (2) "Adjusted average daily membership," calculated as follows:

24 (a) For districts with an average daily membership of two hundred or less, multiply

1 1.2 times the average daily membership;

2 (b) For districts with an average daily membership of less than six hundred, but
3 greater than two hundred, raise the average daily membership to the 0.8293
4 power and multiply the result times 2.98;

5 (c) For districts with an average daily membership of six hundred or more,
6 multiply 1.0 times their average daily membership;

7 (3) "Index factor," is the annual percentage change in the consumer price index for urban
8 wage earners and clerical workers as computed by the Bureau of Labor Statistics of
9 the United States Department of Labor for the year before the year immediately
10 preceding the year of adjustment or three percent, whichever is less;

11 (4) "Per student allocation," for ~~the period January 1, 1997, to June 30, 1997, inclusive,~~
12 ~~is \$1,675. For school fiscal year 1998 2005,~~ beginning on July 1, ~~1997 2004,~~ the per
13 student allocation shall be ~~\$3,350~~ the 2003-2004 per student allocation, plus the
14 outside revenue in subdivision (13) per average daily membership, increased by the
15 index factor. Each school fiscal year thereafter, the per student allocation shall be the
16 previous fiscal year's per student allocation increased by the index factor, plus the
17 enrollment adjustment;

18 (5) "Local need," the per student allocation multiplied by the adjusted average daily
19 membership;

20 (6) "Local effort," the amount of ad valorem taxes generated in a school fiscal year by
21 applying the levies established pursuant to § 10-12-42;

22 (7) "General fund balance," the unreserved fund balance of the general fund, less general
23 fund exclusions plus, beginning with transfers made in fiscal year 2001, any transfers
24 out of the general fund for the previous school fiscal year;

- 1 (8) "General fund balance percentage," is a school district's general fund balance divided
2 by the school district's total general fund expenditures for the previous school fiscal
3 year, the quotient expressed as a percent;
- 4 (9) "General fund base percentage," is the general fund balance percentage as of June 30,
5 2000. However, the general fund base percentage can never increase and can never
6 be less than twenty percent;
- 7 (10) "Allowable general fund balance," the fund base percentage multiplied by the district's
8 general fund expenditures in the previous school fiscal year;
- 9 (11) "Imputed interest rate," the average prime rate for the preceding fiscal year minus 2.5
10 percentage points;
- 11 (12) "General fund exclusions," revenue a school district has received from the imposition
12 of the excess tax levy pursuant to § 10-12-43; revenue a school district has received
13 from gifts, contributions, grants, or donations; revenue a school district has received
14 under the provisions of §§ 13-6-92 to 13-6-96, inclusive; and any revenue in the
15 general fund set aside for a noninsurable judgment;
- 16 (13) "Outside revenue," revenue received by a school district from: taxes levied on
17 telephone companies pursuant to chapter 10-33; taxes levied on rural electric
18 companies pursuant to chapter 10-36; county revenues; state apportionment; payment
19 to school districts in lieu of taxes; tax base on shooting areas; and bank franchise taxes
20 levied pursuant to chapter 10-43.